

## UK Economy

- **Retail sales** According to the CBI, the retail sales balance for August was the worst since December 2008, and the second weakest since records began in 1983. However, some commentators have voiced concerns over the accuracy of the index.
- **Brexit talks** Boris Johnson has said that he is prepared to carry on the Brexit talks right up until the deadline of 31<sup>st</sup> October, possibly making the decision to leave without a deal on the final day.
- **Parliament** It is reported that the Prime Minister has recently requested guidance on the legality of shutting parliament for five weeks from 9<sup>th</sup> September.

## Global News

- **Trade wars** China has announced additional tariffs of between 5% – 10% on \$75bn of imports from the US. China has also imposed a tariff on US crude oil for the first time. Yet, at the G7 summit Donald Trump said that he was confident a deal could be done, pushing markets up.
- **World trade** At the G7 summit, world leaders were reported as being willing to modernise the rules of world trade, overhauling the WTO in order to protect intellectual property, solve disputes and stop unfair practices.
- **US** A strategist at Societe General has discussed the likelihood of a US recession “of some kind” in the second half of 2020.

## The Markets

- **Iron ore** slumped to a six-month low as BHP warned that benchmark prices could fall over the next year. Prices have recently been supported by force majeure events and expectations for Chinese output.
- **Currency** The Chinese yuan is headed for its worst month on record, having fallen 3.9% already against the dollar this month. Analysts expect the Chinese economic malaise to continue as long as there is no progress in trade negotiations with the US.
- **Oil** China’s new tariffs on oil, combined with concerns over the global economy helped push Brent oil below \$59.
- **UK oil stocks** Post Brexit, the UK will no longer need to maintain EU-mandated reserves of oil (61 days worth of consumption or around 85 million barrels), instead moving to International Energy Agency rules of 35 million barrels.
- **Financial systems** The Bank of England governor has called for a new global system to replace the dollar, moving to a multipolar system which would protect emerging economies and “change the game”. Currently the US accounts for only 10% of global trade and 15% of world GDP but 66% of global securities issuance.

## UK property and construction

- **HS2** A team has been mobilised to review the costs and benefits of HS2 with the new transport secretary, Grant Shapps, saying that the government needs “clear evidence” before deciding to go ahead with the project.
- **Planning guidance** The City of London issued the UK’s first wind microclimate guidance to protect pedestrians and cyclists from powerful downdraughts.
- **Workloads** The RIBA’s *Future Trends Staffing Index* fell into negative territory for the first time in nearly two years.

## Migration

- **Under-estimated** The ONS revealed that EU migration to the UK was ‘underestimated’ between mid-2000s to 2016. As a result, the status of the ONS’ immigration figures has been downgraded to “experimental.”
- **Post Brexit** The Home Office suggested that EU free movement could end immediately if the UK exits the EU without a deal on 31<sup>st</sup> October. Yet, as it currently stands, the policy of freedom of movement will automatically transfer into UK law, meaning that the government will need to introduce an Immigration Bill to end free movement.

## Friday to Friday

	Price / index	Week % change	Annual % change
FTSE 100	1,094.98	-0.31	-6.37
FTSE 250	19,236.13	2.20	-7.03
Nikkei	20,710.91	1.43	-8.37
CSI 300	3,820.86	2.97	14.90
S&P 500	2,847.11	-1.44	-0.96
Nasdaq	7,751.77	-1.83	-2.44
CAC 40	5,326.87	0.49	-1.94
Dax	11,611.51	0.42	-6.32
\$ per £	1.2262	0.89	-4.62
€ per £	1.1008	0.44	-0.46
Gold £/oz	1,243.13	-0.23	32.48
Brent Oil	59.36	1.19	-21.74

## Data releases this week

Notable data releases this week include US GDP growth for Q2 and levels of inflation in the Eurozone followed by a raft of PMI data from China at the end of the week.

## Issues of the week

The confusing signals resulting from the Sino-American trade war, as well as varied reports on advances in the UK’s exit from the EU are continuing to create volatility in the markets. As the trade discussions continue, many will be watching currencies closely.

There is no doubt that investors will be paying attention to the coming weeks as we find out more about what Brexit could really mean as we enter the final weeks of the timetable.

## Authors



[Rachel Coleman](#)  
Associate Research Analyst



[Magdalena Tuta](#)  
Assistant Research Analyst

Previous issues can be accessed by clicking on this [hyperlink](#).